

Federal loans, grants available to businesses

The Coronavirus Aid, Relief, and Economic Security (CARES) Act includes a loan program to keep small businesses afloat during mandated COVID-19-related closures. The Paycheck Protection Program (PPP) authorizes federally guaranteed loans to qualifying small businesses.

Businesses CAN get both EIDL and PPP loans at the same time, but cannot use the funds for the same expenses/purposes. Businesses can apply for the EIDL loan now and the PPP loan when it becomes available. EIDL loans can be refinanced into a PPP loan. Loans are limited to one per Taxpayer Identification Number.

ECONOMIC INJURY DISASTER LOANS

PAYCHECK PROTECTION PROGRAM

Which is right for me?

Businesses needing an immediate injection of cash

Businesses that need funds not tied to retaining employees

Businesses who need funds that can be spent over a term longer than eight weeks

Businesses that have retained employees

Businesses that have laid off employees, but could bring some or all back before June 30, 2020, if they had the cash to do so.

The WOW factor

Include a \$10,000 grant per applicant.

Can be converted to a grant if used for allowed expenses.

Loan amount:

Up to \$2 million.

Applicants may request an advance of up to \$10,000, which will be distributed within 3 days.

Up to \$10 million.

Calculated by multiplying 2.5 by average monthly payroll costs.

Uses:

Financial obligations and operating expenses that could have been met had the disaster not occurred including payroll, utilities, accounts

Payroll, group healthcare benefits, insurance premiums, rent, utilities, interest on mortgage or interest on any other debt incurred prior to Feb.

	payable and fixed debts including those incurred before covered period.	15. Loan forgiveness for qualified expenses during an 8-week period beginning on loan origination date.
Interest rate:	3.75% for businesses 2.75% for non-profits	4% maximum
Term:	Up to 30 years	10 years
First payment due:	One year after the loan origination date (interest is accrued during the deferment)	At least six months after the loan origination date (interest is accrued during the deferment)
Collateral	The SBA will place a UCC lien against the assets of the business	None
Loan forgiveness:	No. Yes on first \$10,000.	Yes, based on maintaining average number of FTE
Need to file 2019 taxes?	No. Businesses will be asked to provide the SBA access to historical tax returns	Will depend on lender
How long before approval?	2-3 weeks plus an additional 5 days for funding	Will depend on lender

Application open?

Yes. There is no obligation to accept the loan if you qualify.

No. Banks will need at least two weeks to prepare their loan application process.

Who is the lender?

The Small Business Administration (SBA).

A bank that handles SBA 7(a) Loans, underwritten by the SBA

Who can apply?

Those in business before Jan. 31, 2020, have fewer than 500 employees, sole proprietorships, independent contractors and non-profits

Businesses and entities must have been in operation on Feb. 15, 2020 and have 500 or fewer employees. Sole-proprietors, contractors and non-profits

LOAN PROGRAM Q & A

EIDL APPLICATION

Paycheck Protection Program (PPP) funding is available through SBA 7(a) lenders, more information will be available as the program is rolled out